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Housing and
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Development**

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APPLICATION SUBMISSION PACKAGE

Development Finance Division (DFD) Financing Application

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*The District Department of Housing and Community
Development pledges to foster the letter and spirit of the
law for achieving equal housing opportunity in the District
of Columbia.*

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MISSION

District of Columbia Department of Housing and Community Development

The mission of the Department of Housing and Community Development is to be a catalyst in neighborhood revitalization by strategically leveraging public funds with private and non-profit partners for low-to-moderate income DC residents in order to promote the preservation, rehabilitation and development of housing, increase homeownership, and support community and commercial initiatives.

Development Finance Division

The Development Finance Division within the Department of Housing and Community Development revitalizes communities and promotes economic diversity by providing financial resources to complement those available in the private sector to build and rehabilitate community infrastructure, and to provide quality and affordable rental and homeownership housing.

SECTION 1: INTRODUCTION

The District of Columbia Department of Housing and Community Development (the Department or “DHCD”) administers financing programs for the construction, acquisition and rehabilitation of single and multifamily affordable homeownership, rental housing, tenants first right of purchase, special needs, elderly housing, and provides assistance for affordable homeownership opportunities. The Department’s Development Finance Division (DFD) administers these programs for the Department. DFD also provides limited funding for development of community facilities and community based commercial activity.

Many of the Department’s funding sources can be applied for using a consolidated application form. Awards from some of these sources are made under a competitive process using specific funding cycles. This document provides an overview of how funding requests for most of these programs are processed. Governing statutes and regulations are the controlling authority in the event of any conflicts with any other written procedures, processes or documents. This program application package contains the following sections:

- Section 1: Introduction
- Section 2: Overview of the Funding Process
- Section 3: General Application Instructions
- Section 4: Guidelines for Applicants
- Section 5: Application Form Instructions
- Section 6: Application Forms

Applicability

This guide covers the financing application procedures for the following housing programs available through the Department:

- Construction Assistance Program (CAP)
- Housing for the Elderly, Dependent and Disabled Program (HoFEDD)
- Multi-Family Rehabilitation Program (MFRP)

These programs are funded through local and federal sources:

- Housing Production Trust Fund (HPTF)
- HOME Investment Partnerships Program (HOME)
- Community Development Block Grant (CDBG)
- Low-Income Housing Tax Credit Program (LIHTC) (Tax Credits)

Staff will review each application to determine the appropriate funding source(s) within DFD for the project. The Department has complete discretion to determine which source will fund an

award. Resources for the Low-Income Housing Tax Credits and other funding sources are allocated to projects during scheduled rounds of competition.

Before submitting an application for funding from any program covered by this Application Submission Package, sponsors are encouraged to meet with DFD staff to discuss the proposed development, funding options, processing, and program guidelines.

Vision for Affordable Housing in District

The Department promotes the production and preservation of housing by providing financial assistance that is complementary to funds available in the private sector. This goal is accomplished through a variety of homeownership, rental, historic preservation, and neighborhood revitalization programs. A major component of our mission is the financing of affordable housing. The Department has structured its threshold and evaluation criteria to target projects that meet the following objectives.

1. Revitalizing Neighborhoods and Targeting Strategic Areas: While the District supports redevelopment across the city, various agencies are focusing their funding on certain strategic communities (see page 14). Moreover, to promote neighborhood revitalization in all areas where DHCD will provide funding, we seek evidence of other significant, ongoing investment of resources in the area.

2. Serving High Public Purpose: Applications must demonstrate a strong need for the proposed project along with evidence that the project will contribute to, and not detract from, revitalization of the community and the operation of other properties or businesses in the community. Projects should promote a holistic view of housing communities, including a focus on coordinated community efforts, tenant services, and resident empowerment. Additionally, the Department supports projects that will serve the lowest income levels feasible for the longest time and that meet locally identified needs for affordable housing. Finally, DHCD encourages proposals that will promote and encourage local nonprofits, local small disadvantaged business enterprises (LSDBE), and businesses in the development of affordable housing.

3. Leveraging: To maximize the efficient use of District resources, the Department encourages the leveraging of other resources. For purposes of this Request for Proposals, competitive tax credits are considered a District resource.

4. Production of Quality Development: Development teams must demonstrate the capacity to develop quality affordable housing and projects in a timely and comprehensive manner. The Department will evaluate the scope of work, project aesthetics, material selections, amenities, design, and costs. Projects that can proceed with the least delay upon funding will receive preference.

SECTION 2: OVERVIEW OF THE FUNDING PROCESS

Application Submissions

Applications for projects that are subject to the competition will be accepted and reviewed during scheduled, competitive rounds. The Department will schedule and provide a notice of the rounds of competition for the reservation of financing. The schedule will provide the application deadline dates. If needed, additional rounds of competition may be held until all available resources have been reserved. Only projects that meet the threshold requirements set forth in these guidelines, that are submitted by eligible sponsors, and that have complete applications submitted no later than the application deadline will be rated and ranked in any competitive round.

Sponsors and developers are encouraged to meet and discuss proposed projects with Department staff prior to the competitions. Staff will be able to provide preliminary feedback regarding project specifics and may be able to provide suggestions for stronger applications.

Applications must be submitted on the Department's Application Submission Package forms.

Application Review Process

The application review process includes a review conducted by DHCD staff for basic eligibility requirements. An independent panel will conduct a review of the approved applications to determine compliance with the Department's threshold and eligibility criteria. The panel will forward the results of their review to the Department. The Department will conduct the final review and determination of projects to be considered for funding.

See the Request for Proposals, issued June 25, 2004, for detailed information on basic eligibility requirements, threshold, and ranking criteria.

Project Financing Process

1. Reservations: Sponsors of projects that are selected for underwriting will receive funding reservation letters. These reservation letters will specify requirements that must be met in order for the projects to be approved for commitment including processing documentation and time frames. The reservation is not a commitment to fund the project and the Department is not obligated to fund the project unless it issues a commitment letter. A reservation may be canceled and an application withdrawn from processing if any of the following occur:

- The loan processing and submission requirements as described in this section are not met. This includes a failure to meet the time frames established.

- The project is changed substantially from the initial submission. A substantial change includes:
 - a reduction in the original score of more than 5% of eligibility requirements;
 - a significant change in the project’s design, financing or amenities;
 - a material reduction in the project’s income targeting;
 - a change of the project’s sponsor or developer entities; or
 - a change of the project’s site.
- The project is changed so that it no longer meets all eligibility requirements.
- The project’s developer, sponsor or owner, or their general partners, files for bankruptcy or is the subject of an involuntary bankruptcy.
- The project is for any reason no longer feasible.
- The project’s developer, sponsor or owner submits false, misleading or incomplete information to the Department.

2. Kick-off Meeting: Following the issuance of the reservation letter, the Department will schedule a “kick-off” meeting with the sponsor. The DFD financing team assigned to the project, including underwriting, construction, tax credit, and monitoring staff will be present at the meeting as appropriate. The sponsor should require representatives of the contractor and architect to attend.

If the project has support from District of Columbia Housing Finance Agency (DCHFA) or District of Columbia Housing Authority (DCHA), or other District or federal agencies, a representative of those agencies should also be present at this meeting. Other Departmental staff that may need to attend the kick-off meeting include the Deputy Director of DFD and representatives from the Residential and Community Services Division, Office of Program Monitoring, and Office of the Corporation Counsel (OCC).

The purpose of this meeting is to review the reservation letter and gain a common understanding of its requirements, terms and provisions for further processing of the application. At the kick-off meeting, the Deputy Director or Team Leader will review the requirements and time frames of the loan processing schedule and submission kit processing in detail. The assigned team also will schedule a subsequent meeting with the sponsor to conduct a detailed site visit.

3. Underwriting and Construction Review: After a reservation letter is issued, the loan application will be underwritten and detailed construction plans and documents will be reviewed before issuance of a commitment letter.

A. Preliminary Review: A preliminary review may be added before viability review at the discretion of the Department for particularly complicated projects or waived for relatively straightforward projects.

B. Viability Review: During this phase of the review process, sponsors will submit updated application forms along with more detailed construction and underwriting documentation. Department staff will review the material and issue a viability report to the sponsor. The viability report will include the Department’s updated underwriting pro forma and term sheet showing any changes in the anticipated loan amount and conditions

based on the findings during the preliminary review. Staff will then proceed to prepare the loan package for submission to the Loan Review Committee (LRC).

Specific milestone dates for completing these reviews and issuing commitment letters are discussed at the kick-off meeting and set in conformance with the Department's submission and loan processing system. Documentation requirements for this review period will be included in the attachment to the reservation.

Detailed guidance will be provided to sponsors throughout this process to assist the development team in the preparation of construction plans and underwriting documentation. The architectural requirements for each stage of this review are those defined in the American Institute of Architect's (AIA) publication The Architect's Handbook of Professional Practice. More specifically, the requirements are outlined in the AIA document B162a and in the HUD Minimum Design Standards.

Additionally, other underwriting requirements will be detailed and made clear to all parties early in the process. There may be the involvement of the Water and Sewer Authority, Department of Consumer and Regulatory Affairs, and other agencies, depending on the scope of the projects. Projects in the advanced stages of development will be able to proceed at a much quicker pace. In any event, the Department and sponsors should make every attempt to complete all review requirements within the time frames outlined in the reservation letters.

Final Project Review

Upon receiving the sponsor's final application and all required documentation, DFD will prepare a project report, including a final underwriting pro forma and updated term sheet. The project report will be scheduled for submission, with recommendation to the LRC for review. After evaluating the recommendations, the LRC will make a final recommendation to the Director who will, at his or her discretion, approve projects for a letter of commitment.

If approved by the Director for funding, DFD staff will submit the terms of a proposed commitment letter to the Office of Corporation Counsel (OCC) for preparation. The sponsor, working with the project manager, must confirm the business terms included in the proposed commitment letter and identify any remaining issues to be resolved within three (3) days of the date of the proposed commitment letter. The OCC attorney, with DFD staff, will finalize the commitment letter and begin preparing the loan documents.

Initial Closing

Along with the commitment letter, the sponsor will receive a loan closing submission checklist. The checklist specifies the pre-closing documents that the sponsor must provide and the closing documents the sponsor's attorney must provide before the financing will be closed. The sponsors will have three days to accept the commitment letter.

The Department's standard loan/grant conditions are detailed in the commitment letter. The sponsor should also review and understand the Department's draw and requisition requirements, particularly those affecting the initial draw. Staff will be available to meet and review the draw procedures. When all of the documents identified in the checklist have been submitted, reviewed and approved, the Department and OCC staff will schedule an initial closing date. The Department will move expeditiously to initial closing. The initial closing can usually be scheduled within four weeks of OCC receipt, review and approval of all closing documents. Accepting the Department's closing documents without modification will expedite the closing process.

Following the closing, Department staff will schedule a servicing meeting with the sponsor. This meeting is intended to ensure that all parties fully understand how the loan will be repaid and other conditions of the commitment are met.

Construction or Rehabilitation Period

Construction or rehabilitation of the project will normally commence once initial closing is complete. Prior to the start of construction or rehabilitation, the sponsor and general contractor must participate in a pre-construction conference with the DFD construction staff responsible for the project, including the DFD architectural representative, finance and project managers, and representatives from Office of Program Monitoring. The purpose of this meeting is to review fully all construction period procedures such as inspections by Department staff, draw requisition and disbursement procedures and change order procedures and monitoring requirements. All other project lenders should be present at this meeting to ensure a smooth inspection and draw process.

Compliance and Monitoring: The U.S. Department of Housing and Urban Development (HUD) and the District of Columbia regulations require DHCD to monitor projects funded with federal and/or District of Columbia funds for compliance with various federal and District regulations. Applicants receiving financial assistance from DHCD could be subject to any or all of the following laws and regulations:

- Community Development Block Grant (CDBG), including all applicable Office of Management and Budget (OMB) Circulars, such as A-110, and A-122, and A-133
- HOME Investment Partnerships Program (including long-term affordability periods)
- Housing Production Trust Fund regulations (including continuous affordability requirements)
- Environmental Reviews - 24 CFR Pt 85
- Affirmative Action Program
- Section 3 - (24 CFR Part 135)
- First Source Employment Agreements
- Registration with DC Apprenticeship Council
- American with Disabilities Act of 1990
- Lead Safe Housing Rule (Lead Based Paint)
- Section 504 of Rehabilitation Act of 1973, as amended
- Uniform Relocation Act or District of Columbia Relocation Assistance provisions (10 DCMR Chapter 22)
- Freedom of Information Act
- Davis Bacon and related Acts
- Conflict of Interest (24 CFR § 570.611 and

(Local Small Disadvantaged Business Enterprises LSBDE – Mayor’s Order 85-85)

- 24 CFR §§ 84.42 and 85.36)
- Fair Housing (24 CFR Part 14 et al)
- LIHTC (§ 42 of IRS Code of 1986)

The project will also be subject to DHCD’s monitoring requirements. See the Application Form Exhibit Z for more information.

Early Start: At the sponsor’s request, the Department may permit work on the project to begin prior to closing of the Department’s financing. An early start of the construction or rehabilitation may be authorized only after issuance of the commitment letter. Approval for an early start will be evidenced by written approval issued by DFD. Work may begin when the conditions of the early start letter are met and the pre-construction conference has been held. The Department will not fund any costs incurred for work performed under an early start unless the loan is eventually closed.

Construction Completion

After the completion of construction or rehabilitation, sponsors must complete a certification of costs incurred that has been prepared by an independent certified public accountant. The cost certifications will be reviewed by DFD staff within 90 days of receipt provided all construction close out documents and change order requests have been submitted before or at the same time that the cost certification is received. A final determination of funding proceeds letter will be prepared and sent to the sponsor for signature.

Processing LIHTC Requests

If projects include tax credits and other financing provided by the Department, the following requirements apply in addition to the processing steps previously outlined. However, if only tax credits are requested, only the following procedures are required. The specific requirements for the Low Income Housing Tax Credit program are set forth in detail in the Plan for the Allocation of Low-Income Housing Tax Credits in the District (the Qualified Allocation Plan). The following information is a summary only and applicants should review the Qualified Allocation Plan prior to submitting an application for tax credits.

1. Reservations: Following approval, sponsors will, depending on the timing of the funding round, receive tax credit reservation letters. Reservation letters are conditional commitments to allocate tax credits. The reservation will only be for those tax credits that, in the sole determination of the Department, are necessary for the financial feasibility of the project and its viability as a qualified low-income housing project. Each reservation will be further subject to a number of conditions. These conditions include the submission of evidence of timely completion of the project and documentation certifying compliance with federal requirements. Owners also will be required to verify project costs both at the time of allocation and again at the time the project is placed in service. A reservation may be cancelled and the project withdrawn from processing for the same reasons discussed previously in the loan reservation section.

2. Allocations: Sponsors must either place projects in service within the year in which the tax credit is allocated, or qualify for a binding conditional commitment to carry over the tax credit for up to two years (a Carryover Allocation). To qualify for a Carryover Allocation, sponsors must meet all conditions in the reservation. Sponsors also must incur at least 10% of the reasonably expected basis at the later of November 15 of the year the Carryover Allocation is made, or within five months of the date of the Carryover Allocation. If applicable, the Department expects sponsors to meet the 10% test by the issuance of the Department's loan commitment. To keep the Carryover Allocation and receive an IRS Form 8609 (as discussed below); the project must be placed in service by the end of the second year following the Carryover Allocation.

At the time buildings are placed in service and all required post-completion documentation is received and reviewed, the Department will issue the IRS Form 8609 certifying the final amount of tax credits allocated to each building in the project. A Form 8609 will be needed to claim the tax credit for any building in the project. Before the IRS Form 8609 will be issued, the Department must receive and review the current organizational documents for the sponsor and a recorded extended use covenant and additional documentation concerning placed-in-service dates, project costs, eligible basis, and syndication of the project. If a cost certification is required for the project, the Department will not issue Form 8609 until it has completed its review of the cost certification and a final determination of funding proceeds has been signed and returned by the sponsor.

Prior to issuance of the Form 8609, the Department will also undertake a final evaluation of projects to determine the amount of tax credits needed to make developments feasible. Only the amount needed for financial feasibility and viability as a qualified low-income housing project throughout the compliance period will be allowed. Any additional tax credits previously allocated to projects will be recaptured.

SECTION 3: GENERAL APPLICATION INSTRUCTIONS

Introduction

The District of Columbia Department of Housing and Community Development (DHCD or “the Department”) administers financing programs for the construction, acquisition and rehabilitation of multifamily rental and for-sale housing. Many of the Department’s multifamily funding sources can be applied for using this consolidated application form. These sources include the following:

- Housing Production Trust Fund (HPTF)
- Community Development Block Grant (CDBG)
- HOME Investment Partnership Program (HOME)
- Low Income Housing Tax Credit Program (LIHTC)

Developers may apply for a specific source of funding, but Department staff will review each application and (with the exception of LIHTCs) may recommend a substitute funding source(s) if doing so will not negatively impact the project.

Submission Requirements

1. Due Dates: The Department must receive completed applications on or before 4:00 PM, Friday, September 3, 2004, at DHCD, Development Finance Division, 801 North Capitol Street, N.E., 2nd Floor Reception Desk, Washington, DC 20002. DHCD will set the time/date stamp clock used to register applications and will monitor the timeliness of applications. Applicants may use standard or express mail services. However, the Department is not responsible for mail delivery and will consequently not accept applications received after the due date and time.

2. Form of Submissions: Proposals for funding may be submitted to DHCD for a specific funding source or applicants may leave the choice of funding source up to DHCD. DHCD reserves the right to substitute one funding source for another in situations where the Department determines that doing so would maximize the public benefit to be derived without negatively impacting the development program.

Applicants must submit four copies of the application – an original, in a three-ring binder, and three stapled copies. DHCD will not make copies for applicants. Application documents, other than maps and drawings, must be submitted using a 12 point type size and on 8 ½” x 11” paper. Documentation fully demonstrating compliance with the basic eligibility requirements (RFP Appendix A) ***at the time of application*** must be submitted with the application in order to receive further consideration. Any applications lacking such documentation will be returned to the applicant without further consideration.

The following components, in the order listed, *with any attachments*, must be included in the application submission. All application forms and attachments are contained in Section 6 of this package. Also required are (**Appendix 1** - Project **Narrative**, **Appendix 2A** - Introduction to the Feasibility Study, **Appendix 2B** - Feasibility Study, **Appendix 3** - Business Plan for Community Centers and Special Needs Projects; and **Appendix 4** - Space Utilization Table).

DFD Financing Application (Form 202)

- A. Application with Cover Page and Authorized Signatures
- B. General Information – (***Narrative and Form 202**)
- C. Development Team Information
- D. Community Revitalization Information
- E. Project Income (rental projects and community facilities)
- F. Project Expenses
- G. Uses of Funds
- H. Sources of Funds
- I. Project Summary Information
- J. 20-Year Operating Proforma
- K. Signature Forms
- L. Monitoring Certification****
- M. Feasibility study*****
- N. Business Plan*****
- O. Space Utility Plan*****
- P. Form 212 and 215 ******
- Q. Low Income Housing Tax Credit (if Applicant is applying for LIHTC).*******

Management Agent's Qualifications – Rental (Form 209)

Summary Cost Estimate (**Form 212)

Exhibits (with attached forms) and Certifications documents, including Contract Affidavit, Qualifications statements, and Monitoring Certification Forms and Lead Safe Housing/Fair Housing.

***Note 1:** A Narrative is required with all proposal submissions. A narrative format is included as Appendix 1 of the Application Submission Package.

****Note 2:** An individual authorized to obligate your organization must sign the Application Cover Page. By signing the application, the authorized person is also attesting to the truthfulness of the information supplied in the application. The "Monitoring Certification Form" must also be signed. Unsigned applications will not be accepted.

***** Note 3:** Proposal seeking funding for community centers and special needs housing must complete the Feasibility Study, Business Plan and Space Utilization Plan . Examples of these documents are contained in the Application Submission package.

******Note 4:** The Summary Cost Estimate (Form 212) is Required As Part of the RFP Preliminary Application For Funding; and the Detailed Cost Estimate (Form 215), included with the Application, must be completed by the final application deadline for projects selected for underwriting. It is not required as part of this RFP Preliminary Application for funding.

*******Note 5.** Proposals or projects requiring Low Income Housing Tax Credits (LIHTC) will be subject to revisions to the Qualification Allocation Plan, which will be published not later than August 15, 2004.

Additional information on application submission can be found in the Request for Proposals.

SECTION 4: GUIDELINES FOR APPLICANTS

The following guidance pertains to all applicants. Applicants must meet all of the following criteria. Please read this section carefully. You may call the Department at (202)-442-7281 if you have any questions regarding the following information.

Development Team Requirements

1. Previous Project Performance: Members of the applicant's team may not:

- Have participated as an owner or manager in the development or operation of a project that has defaulted on a Department or other government or private sector loan in the previous 10 years.

In connection with Department loans, waivers of this limitation may be granted for team members that were not involved in the defaulted loan for at least one year prior to the default. In the case of other defaulted loans, waivers may be granted based on the circumstances surrounding the particular default. In all cases to be considered for a waiver of these limitations, requests must be submitted in writing to DHCD at least 30 days in advance of the application deadline. Among the factors DHCD may consider in granting a waiver are;

1. Reasons for the default;
 2. The applicant's role in the defaulted property and responsibility for guaranties or operations of the defaulted property; and
 3. Performance of other properties in the applicant's portfolio;
- Have consistently failed to provide documentation required by the Department in connection with other loan applications or the management and operation of other, existing developments;
 - Have been involuntarily removed within the previous 5 years as a general partner or managing member from any affordable housing project whether or not financed or subsidized by the programs of this Department;
 - Have a current Limited Denial of Participation from the U. S. Department of Housing and Urban Development (HUD); or
 - Be debarred, suspended or voluntarily excluded from participation in any federal, state or local program.

Failure to disclose required information on the application may subject the applicant to penalties under District of Columbia law.

For the purposes of the above, members of the development team are individuals or organizations, including officers and directors of corporate members of the team, general partners of partnership members, and members of limited liability company members, that are involved in the development of the project in any of the following roles:

- Applicant;
- Developer and co-developer, if any;
- Guarantor(s), if applicable;
- Owner (including any ownership interest other than limited partners);
- Architect;
- General Contractor;
- Management Agent; or
- Consultant

2. Financial Capacity: In addition, members of the development team acting in the role of sponsor, developer, guarantor, or owner with chronic past due accounts, substantial liens or judgements, foreclosures or bankruptcies within the past five years will not be considered for funding. This evaluation will be based on a review of Department records, personal credit histories, commercial credit reports and other available data.

3. Previous Participation: Development team members are also ineligible to participate in the program if they received reservations or commitments of funding but were unable to carry the project forward. This prohibition applies only to reservations or commitments issued within four years prior to the date of the application. For tax credits, this includes entities that:

- Received a reservation but were unable to place their projects in service in the year of their reservation or to meet the requirements to receive a Carryover Allocation;
- Received a Carryover Allocation but could not meet the 10% test necessary to keep a Carryover Allocation; or
- Received a Carryover Allocation or other Allocation but could not place their projects in service within the time required by the tax credit program.

For loan programs, this includes entities that received a reservation or commitment of loan funds but were unable to close the financing.

4. No Fees Due: Development team members are also ineligible to participate in the program if they have unpaid fees or other obligations due to the Department on other projects. The development team should provide a list of any names under which it may have been organized previously.

Community Support Requirements

As a condition of closing, the applicant must include a letter of support from the affected Advisory Neighborhood Commission(s) (ANC). The letter must indicate its support of the project in the current round of competition. Support should not be contingent upon the completion of tasks or improvements that are unrelated to the project, such as off-site work that is not necessary for completion of the project.

New Community Support Requirements

Applicants submitting an application under this RFP must demonstrate that the appropriate Neighborhood Service Coordinator has been informed of the project. It is the responsibility of the applicant to contact the Neighborhood Service Coordinator and include appropriate documentation regarding the notification during the project underwriting process.

Site Requirements

1. Site Control: Sponsors must have sufficient site control to allow projects to move forward if they receive a reservation of funds. At the time of application, site control should extend for at least 180 days after the application deadline date (including extension options) with an option to continue the control for another 180 days. Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options or other forms at the Department's discretion.

2. Utility Availability: Evidence that public water, sewer, electric, gas, telephone and other utility services are at project sites or will be available during the construction or rehabilitation period must be provided. Acceptable evidence of utility availability may include a letter from the development team's civil engineer, the utility company providing the service, a responsible local official or, for existing buildings, copies of recent utility bills.

3. Zoning: Properties should be properly zoned for their intended use. If a zoning change, variance or exception is required, sponsors must provide the following information in the application:

- Documentation illustrating the present status of the proposed zoning change, the local planning and zoning process;
- Contact information for a local official familiar with the project and responsible for the approval process; and
- A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the application (Form 202).

Project Location and Marketability

Although DHCD will accept proposals for eligible projects throughout the city, we will concentrate 65 percent¹ of our funding in 13 areas that the Mayor has designated as strategic neighborhood investment areas, as well as the two Neighborhood Revitalization Strategic Areas (NRSAs). The strategic neighborhood investment areas are:

- Anacostia
- Bellevue
- Columbia Heights
- Congress Heights
- Georgia Avenue, N.W.
- H Street, N.E.
- Howard University / LeDroit Park
- Minnesota / Benning
- Near Southeast
- Pennsylvania Avenue / Fairlawn
- Shaw
- Takoma Park
- Trinidad / Ivy City

The NRSAs are:

- Georgia Avenue, N.W.²
- Carver/Langston Terrace-Ivy City-Trinidad³

A map for each area street boundary is provided in the RFP Reference Guidebook

Occupancy Restrictions and Rent Levels

At a minimum, sponsors must agree that low-income units in the projects will be rented to families with incomes that do not exceed the levels required under the proposed funding source, as indicated in the Request for Proposals.

The low-income units in the projects must be rent restricted as required by the funding source. For projects receiving project-based rental assistance, the application must include information concerning the actual rent to be paid by the tenants and the estimated subsidy that will be received by the project owner. For this analysis, the actual tenant-paid rent will be evaluated rather than the gross rent received resulting from the rental assistance. If any rental assistance is not project-based, the assisted portion of the rent should not be included in the project's income projections. In these cases, the gross rent will be evaluated and not the amount actually paid by the tenants.

Maximum unit rents (including tenant paid utilities) may not exceed 30% of the beneficiary gross income limit applicable to each unit. Under the CDBG and HOME programs, the gross income limit will be based on 1.5 persons per bedroom for units with one or more bedrooms and 1.0 person for efficiency units. For the HPTF Program, income limits are as shown below. Income limits can be found in the Request for Proposals for HOME, CDBG, and HPTF.

¹ Pending the receipt of sufficient applications to achieve this level of award.

² Georgia Avenue, NW has a dual designation as both an NRSA and a Strategic Area.

³ This NSRA has different boundaries than the Trinidad / Ivy City Strategic Area. See the RFP Program Guidebook for maps.

- Efficiency – 1 person
- One bedroom – 2 persons
- Two bedrooms – 3 persons
- Three bedrooms – 5 persons
- Four bedrooms – 7 persons
- Five bedrooms – 8 persons

For elderly projects, the imputed household size may not exceed three persons regardless of the number of bedrooms.

Rent levels including tenant paid utilities must be supported by market data. Rents should also allow for a reasonable affordability window so those tenants with incomes below the maximum levels are not paying a disproportionate percentage (i.e. greater than 30%) of their income for rent. The Department will consider the project's capture rate in reviewing the rents.

Relocation and Anti-Displacement Strategies

For existing and occupied buildings, the applicant must submit a draft of the relocation strategy for projects that result in the temporary or permanent displacement of current occupants. If the project will result in the relocation of any tenants (i.e. households or businesses), the Department requires that the applicant will comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601 also known as "URA") and §104(d) of the Housing and Community Development Act of 1974 [42 U.S.C. §5304(d)] **if HOME or CDBG funds are used**, or the local relocation regulation found at Title 10, District Code of Municipal Regulations (DCMR) Chapter 22 **if HPTF is used**, regarding resident notice and compensation.

Applicants should make themselves familiar with the requirements of URA, §104(d) or 10 DCMR 22, as applicable, including notices from both the purchaser and seller to residents that may apply to their project. Information on federal relocation requirements may be found on the Internet at <http://www.hud.gov/offices/cpd/library/relocation/index.cfm>.

Financing Terms and Conditions

1. Other Financing: Letters of commitment, intent to provide financing or interest must be furnished for all funding sources identified in the application. At a minimum, letters of intent must state that projects appear feasible and show the amount of anticipated funding, general repayment terms and any conditions. If financing will be subsidized or insured by another institution, evidence must be provided that the appropriate applications have been prepared and have been or are ready to be filed.

For projects that will be syndicated for tax credit equity investment, sponsors must provide a proposal from at least one syndication firm showing the amount of tax credit expected, investor type, expected net proceeds, syndication costs and pay-in schedule.

2. Project Assistance: In general, loans through the department's funding must be fully repaid on an amortizing basis at an annual rate of 4% for a term of up to 40 years. If the development

cannot support the loan at a 4% interest rate, the rate may be reduced at the Department's discretion. The maximum loan per project is the lesser of \$2.0 million or the total development cost of the project multiplied by the percentage of income-restricted units. Funding requests in excess of \$2.0 million will be considered on a case-by-case basis.

To the extent possible, the Department's funds must be repaid on an amortizing basis; however, at the Department's discretion, loans may be repaid to the Department on a cash flow basis. If the loan will be repaid on a cash flow basis, the Department expects to receive 100% of the net cash flow. All cash flow loans must be repaid at the end of the loan term.

The sponsor may request a waiver of this requirement in writing, with detailed and specific reasons for the waiver request, at the time of application or, if the need for the waiver arises after application, and before execution of LOC, DHCD will evaluate each waiver request on a case-by-case basis.

Low-Income Housing Tax Credits

The tax credit reservation or allocation for any single project is limited to \$700,000. Reservations or allocations approaching this amount may be split over two or more calendar years. Additional conditions and restrictions on tax credit reservations and allocations are provided in the Qualified Allocation Plan, which is available on the Department's web site at <http://www.dhcd.dc.gov/info/publications.shtm>.

Note that in order to balance the demand for DHCD funds and tax credits, the Department reserves the right to decrease the amount of tax credits requested in the application.

Construction or Rehabilitation Costs

The construction or rehabilitation costs for projects must be within a reasonable range for the scope of work proposed. If the proposed costs per gross square foot exceed the maximum limits outlined below, sponsors must submit a request for waiver that includes a detailed explanation of the reason construction or rehabilitation costs are outside of this range. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Construction or rehabilitation costs include all work, including site development, associated with the physical development of projects. The projects' costs are obtained by dividing the amount of the construction or rehabilitation contract by the gross square footage of the buildings to be constructed or renovated. The construction contingency should not be factored into this equation.

Maximum Construction Costs per Gross Square Foot			
Type of Building	New Construction	Substantial Rehabilitation	Moderate Rehabilitation
Townhouses	\$90	\$72	\$40
Garden Apartments	78	74	46
Elevator Buildings (≤ 5 floors)	78	74	46
Mid-rise Buildings	90	70	61

For projects that consist of the rehabilitation of existing buildings, the Department has established a minimum rehabilitation standard to ensure that meaningful, and not just cosmetic, rehabilitation is undertaken. The total hard construction costs (exclusive of fees or overhead items) of rehabilitation for projects must be at least \$15.00 per square foot per unit and supported by a building evaluation report performed by an engineer or other qualified professional. This minimum may be waived for projects that can demonstrate both a strong need for preservation of affordable housing in the market area and that affordable housing units will be lost if the project is not financed using Department funds.

Lead Hazard Elimination

The Department is committed to the goal of 100% elimination of risk from lead hazards in housing. Any rehabilitation of existing buildings must meet HUD/EPA clearance standards and must be certified by the District's Department of Health (DOH) as lead-safe. All abatement and clean-up must be carried out in accordance with the 1992 Housing and Community Development Act included in Title X (Title Ten) of 24 CFR 35 Subpart H – Rehabilitation; and with District requirements found in Title 6, Chapter 997 of the D.C. Code. All abatement contractors or subcontractors must be certified and accredited by the District. For information on District abatement requirements, please call 202-535-1934, the Department of Health's Lead Paint Risk Assessment and Certification Office.

Development Budget

1. Acquisition Price: For projects involving acquisition and rehabilitation of existing buildings or the purchase of raw land, the acquisition price may not exceed the standards set forth below.

- For an arms length transaction, the maximum acquisition price may not exceed the lesser of the contract sales price or the appraised value of the property.
- For transactions involving a change in use, appraisals will include an “as is” value and an after rehabilitation value under its projected use. In such cases, the acquisition cost may not exceed the lesser of the two values or any lower value based upon the standards for related party transactions described in this section.
- For a related party transaction where the property was acquired less than two years before the application date, the maximum acquisition price may not exceed the lesser of the appraised value of the property or the original acquisition price plus carrying costs acceptable to the Department.
- For a related party transaction where the property was acquired two or more years before the application date, the maximum acquisition price may not exceed the appraised value of the property.

- For schools and other sites owned by the District, applicants may not use DHCD loan funds to purchase these sites for conversion to housing.

For purposes of this section, acquisition is defined as transfer of title and legal ownership. Applicants with questions regarding the definition of arms-length and related-party transactions should contact the Department. With the approval of the Department and in order to meet the 10% test for an allocation of tax credits, the maximum acquisition price may be increased to include real estate taxes and other carrying costs associated with owning the site during the period after acquisition and application.

The acquisition price must be supported by an appraisal performed by a licensed independent professional appraiser. Independent, professional appraisers under contract with the Department will perform the appraisal, and the applicant will pay the costs of any required appraisals. The Department, at its sole discretion, may accept an appraisal that is required by another lender and prepared by an independent professional appraiser for that lender.

2. *Syndication Related Costs:* For projects that are syndicated for tax credits, the equity raise-up rate should be within current market standards. When the project's gap analysis is performed, the Department will review the raise-up rate to ensure that it is competitive in the tax credit market.

3. *Operating Reserves:* Operating reserves shall range from three to six months of projected operating expenses plus all required debt service payments and monthly replacement reserve payments. For projects with proposed operating reserves that are outside of this range, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons operating reserves for the project should be set at a different level. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold limits. The Department when evaluating guaranties for completion, lease-up, or operations will consider the demonstrated financial capacity and liquidity of the owner or other guarantor.

At a minimum, funded operating reserves must remain in place until the project has achieved economic break-even operations for a fiscal year confirmed by its annual audit and has reached 90% occupancy for 12 consecutive months. Reserves may then be released over the next three or more years at the discretion of the Department, provided the project continues to achieve economic break-even operations and 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred developer's fee and then should be used to reduce any DHCD loan.

Limitation on Fees

Fees in the development budget are limited according to the standards established by the Department. Projects subject to federal subsidy layering requirements have the same limitations under a Memorandum of Understanding between the Department and HUD. See the Department's Qualified Allocation Plan for further information.

Category	Limitation
Builder's Profit	5% to 10% of the net construction costs
Builder's Overhead	2% to 3% of the net construction costs
General Requirements	5% to 10% of the net construction costs
Architect Design	2% to 5% of the construction contract
Architect Administration	1% to 3% of the construction contract
Developer's Fee	10% to 15% of total development costs not to exceed 2.5 million

Please see below for additional information

1. Net Construction Costs: Net construction costs are equal to the construction contract amount less builder's profit, builder's overhead, general requirements and bond fees.

2. Builder's Profit: A builder's profit is permitted even if a relationship or identity of interest exists between the developer and general contractor. However, all general contractors must meet departmental guidelines and be approved to act as a general contractor for the project. The allowable profit will range from 5% to 10% of the net construction costs.

3. Builder's Overhead: Allowable builder's overhead may range from 2% to 3% of the net construction costs with the lower percentage applicable to larger projects and the higher percentage to projects of lesser amounts.

4. General Requirements: The allowable general requirements are determined based on the size of the project. General requirements may range from 5% to 10% of net construction costs.

5. Architect's Fees: The allowable architect's fee for project design may range from 2% to 5% of the construction contract amount. For architectural administration, the allowable fee may range from 1% to 3%.

6. Developer's Fee: The developer's fee must include all fees paid to processing agents and development consultants. The range of allowable developer's fees is from 10% to 15% of total development costs based on the table below. The developer's fee may not exceed \$2.5 million. For projects with proposed developers' fees in excess of \$2.5 million, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons for increased developer's fee. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Any fee in excess of \$2.5 million must be recommended by DHCD's Loan Review Committee and approved by the Director of the Department. Increasing the fee to increase the tax credit basis is not a valid justification for a waiver.

Fee on Development Costs	Fee on Acquisition Costs
• 15% on first \$10,000,000	• 5% on first \$10,000,000
• 10% on amount over \$10,000,000	• 2.5% on amounts over \$10,000,000

Total development costs include the following: expenses related to the actual construction or rehabilitation of the project; fees related to the construction or rehabilitation such as architecture,

engineering and legal expenses; financing fees and charges such as construction interest, taxes, insurance and lender fees; and acquisition related costs. Total development costs do not include the following: hard or soft cost contingencies, syndication related costs; funded guarantee and reserve accounts that are required by lenders or investors; and developers' fees.

Financial Pro Forma

The financial pro forma of projects will be evaluated based on a review of estimated operating expenses, construction costs, reserve for replacement deposits, vacancy rates and debt service coverage ratios. Sponsors must submit a minimum 20-year pro forma.

1. Operating Expenses: Estimated annual operating expenses, including real estate taxes and excluding reserve for replacement deposits, should range from \$2,500 to \$4,500 per unit. For projects with proposed operating expenses that are outside of this range, sponsors must submit a request for waiver that includes a detailed explanation of the reasons operating expenses are expected to be outside the range and support these estimates by the market analysis submitted with the application. Staff also will evaluate, where possible, waiver requests for reasonableness on a case-by-case comparison basis against similar properties in the DHCD portfolio to determine compliance with the threshold requirements.

2. Reserve for Replacement Deposits: Proposed reserve for replacement deposits must not be less than the minimum standards for the scope of work proposed.

- For new construction or substantial rehabilitation projects a minimum annual deposit of \$250 per unit.
- For moderate rehabilitation projects a minimum annual deposit of \$300 per unit.

For rehabilitation projects, a capital needs assessment or comparable engineering report will be required before closing in order to establish a final amount for the reserve for replacement deposit. For all projects, the Department reserves the right to adjust the reserve for replacement amount based on a new capital needs assessment every five years.

3. Vacancy Rate: The pro forma vacancy rate must be supported by the market environment described in the appraisal. During subsequent underwriting by Department staff, the rate may be adjusted up or down to reflect documented market conditions.

4. Debt Service Coverage Ratios: For DHCD subordinated debt, projects must have a minimum debt service coverage ratio of 1.1 to 1 by the first year of sustaining operations after considering all primary debt service payments, including bond financed mortgage payments. A debt coverage ratio of 1 to 1 will be required for other amortizing debt service on DHCD financing. The Department will work with the sponsor to meet more stringent requirements imposed by other lenders or equity providers.

5. Project Phasing: Applications for subsequent phases of projects already in receipt of a reservation of loan funds or tax credit allocations must show evidence that the original phase(s) of the project achieved sustaining occupancy. DFD defines sustaining occupancy for this

purpose as a minimum of 3 months of break-even operations and 90% or above occupancy. The Department may waive this requirement upon specific request provided that such requests include a market study meeting the criteria of this plan and demonstrating that the subsequent phase(s) will not adversely affect the leasing and operations of the initial phase.

Project Schedule

Sponsors must submit a project completion schedule with the application. Sponsors are expected to meet the development schedules as proposed if projects are approved for reservations of funding. In cases where a zoning change, variance or exception is necessary, schedules must be consistent with the analysis provided by the development team's zoning attorney or engineer.

The Department must approve any significant deviations from project schedules. In these cases, sponsors must submit updated schedules, including an explanation for the delays, to the Department for review. Sponsors must promptly notify the Department if for any reason projects that received reservations become infeasible.

The Department will monitor the progress of projects to ensure timely completion. Tax credit reservations and tax credit Carryover Allocations will be canceled if the project falls too far behind its schedule in the Department's determination or if it is determined that Departmental resources are in jeopardy of being lost due to nonperformance by sponsors.

For projects requesting loan funds, the applicant's processing schedule must be consistent with the Department's loan submission process. For a project requesting an allocation of current year tax credits, the sponsor must demonstrate that the project will meet the requirements for an allocation of the current year's tax credits. Typically, this means that the sponsor must incur a minimum of 10% of the reasonably expected basis in the current year. For forward reservations of future year tax credits, the applicant must meet the 10% test within five months of receiving a Carryover Allocation from the Department, and place the project in service by the end of the second year following the Carryover Allocation. Please refer to the Qualified Allocation Plan for more information.

SECTION 5: APPLICATION FORM INSTRUCTIONS

This section provides information for completing the application form. The specific information that is to be entered into the individual fields on the application form is described in detail below.

General Information – Page 1

Stage of Processing. There are two stages of processing; the Preliminary Stage, at submission, and the Final Stage, for applications for which the Department has requested additional information prior to making a funding determination.

Indicate for which stage of processing the application is being submitted. A Final DFD Financing Application – Form 202 – must be submitted within 30 days of holding of the “kick-off” meeting, which reflects all changes in the project, including current development and operating budgets and pro forma, since the previous submission. None of the attachments and exhibits submitted with the Preliminary Application need to be submitted again, if they were approved and in final form, unless they reflect a change in the project.

Funding Applied For. Show the amount of all DHCD financing for which you are applying. For Low Income Housing Tax Credits, insert the annual credit allocation for which you are applying.

Project Name and Location. Show the name of the project and address. If you do not have a specific street address, provide the lot, parcel and tax map numbers for the project’s site. Other information required includes the project’s census tract and ward.

Applicant Information. Show the name, mailing address, contact person and title, telephone number, facsimile number and e-mail address of the entity that is applying for financing.

Ownership Entity Information. Show the name, taxpayer’s identification number and type of entity that will ultimately be the borrower or recipient of the tax credits and own the project. If the ownership entity has not yet been formed, please indicate. All ownership entities must be formed with taxpayer identification numbers shortly after reservation letters are received. For corporations and controlling general partners, provide the name, taxpayer identification number, percentage of ownership interest for each individual or entity and whether the entity is a nonprofit corporation.

Project Information – Pages 2-3

Amenities. Indicate the amenities planned for the development.

Type of Project. Indicate the type of development being undertaken by marking all appropriate boxes.

Existing Building Information. For the rehabilitation of existing buildings indicate the current percentage of units occupied; whether the rehabilitation will include compliance with historic standards; whether tenants will be permanently or temporarily relocated during the rehabilitation; and the year the building was originally constructed.

Number of Residential Buildings. Show the total number of each type of building included in the project's design.

Total Land Area. Show the total acreage of the project site(s).

Total Building Area. Show the gross square footage of all buildings in the project.

Type of Occupancy. Indicate the number of units that will be occupied by individuals or families, the elderly, for commercial uses or for special needs.

Special Needs Housing. Show the number of units that will serve special housing needs. Single room occupancy includes units that do not have their own kitchens and/or bath facilities. If a listed option does not describe your project, show the units under other and provide a brief description.

Preservation of Affordable Units. If the project involves the preservation of affordability units for a building with expiring federal subsidies, indicate so here.

Occupancy Restrictions of Project. Show the number of units that will be income restricted at each income level. All units in the project should be included. Changes to income restrictions after approval could cause the loss of a funding reservation.

Low-Income Use Restrictions. Indicate the total number of years for which low-income units in the project will be restricted for occupancy.

Anticipated Development Schedule. Show the month and year that each stage of the development has been or is scheduled to be completed. For site control, indicate if the sponsor currently has site control, the date control expires and the expected date the ownership entity will acquire the site. Acceptable forms of site control include deeds, contracts of sale, leases with purchase options or other forms acceptable to the Department. For zoning, indicate the current zoning. If a change or variance of the zoning is necessary, show the date of application, final hearing and final approval. For applications with Low-Income Housing Tax Credits, a sponsor must (a) incur costs in excess of 10% of the reasonably expected basis of the project (the "10% expenditure test") by the later of (i) the date which is six months after the date the Carryover Allocation is issued, or (ii) the end of the year in which the Carryover Allocation is issued; and (b) place the project in service by the end of the second year following the year of the Carryover Allocation. Failure to meet these requirements will result in the loss of the Tax Credits for the project.

Substantial completion is the date when 95% of the rehabilitation or construction is complete, all certificates of use and occupancy have been issued, and the architect has issued the certificate of

substantial completion. Sustaining occupancy is when the project's income is sufficient to cover operating expenses and debt service for six consecutive months.

Development Team – Pages 4-8

Development Team Members. For each member of the development team, show the entity's name, mailing address, contact person and title, telephone number, facsimile number, e-mail address, and Duns number.

Development Team History. Answer each question concerning the history or prior performance of the members of the development team. If you answer yes to any of the questions, provide a brief explanation.

Nonprofit Participation. This section must be completed if the application involves a nonprofit entity and you are seeking additional points under the selection criteria.

Other District or Federal Involvement. If the project involves the D.C. Public Housing Authority or D.C. Housing Finance Agency, or other District of Columbia or federal agencies and you are seeking additional points under the selection criteria, complete this section.

Community Revitalization. Indicate whether the project is in a community with a community revitalization plan or whether it has been targeted for investment through one of the listed initiatives.

Project Income – Pages 9-10

Residential Rental Income: Low Income Units. For all low-income units in the project, show: the number of bedrooms and baths per unit; percent (%) of median income; the number of units of this size and type; the unit size in net leaseable square footage; tenant paid utilities; and the contract rent to be paid by the tenant. The monthly income is the contract rent, adjusted for utilities, and multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Residential Rental Income: Market Rate Units. For all market rate units in the project (not reserved for households at or below 80% of the area median income), show: the number of bedrooms and baths per unit; the number of units of this size and type; the unit size in net leaseable square footage; and the contract rent paid by the tenant. The monthly income is the contract rent multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To

calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Nonresidential Income. Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Calculate annual income by multiplying the monthly income by 12 months. The vacancy allowance is calculated by multiplying the total annual nonresidential income by an estimated vacancy rate that is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income for nonresidential units.

Effective Gross Income. This is the sum of the effective gross income for all income producing units in the project (low income, market rate and nonresidential sources).

Non-Income Producing Units. For all community, common and other non-income producing units or spaces included in the project, show the number of units (if applicable) and the square footage of each type of space. The total square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. Manager's units where the occupant is not being charged rent, should be included here.

Tenant Paid Utilities. If tenants will pay monthly utilities, show the type of utilities by marking the appropriate box.

Project Expenses – Page 11-12

Fill in the annual estimated expenses for each type listed that is applicable to the project. A management fee is calculated by multiplying the Effective Gross Income by an annual percentage rate. Utility expenses include only those items paid by the owner and should not include tenant paid utilities.

Total Operating Expenses. This is the sum of total administrative expenses, total utility expenses, total operating and maintenance expenses, total taxes and insurance and reserve for replacement deposits.

Net Operating Income. Calculate the project's Net Operating Income by subtracting the Total Operating Expenses from the Effective Gross Income for all units.

Uses of Funds – Pages 13-15

Fill in the total estimated cost for each use of funds listed that is applicable to the project. For applications requesting Low-Income Housing Tax Credits, show the total costs included in the project's acquisition basis and construction or rehabilitation basis, and those that are not included

in the tax credit basis. If you have any questions concerning the costs to be included in the project's tax credit basis or the Low-Income Housing Tax Credit, please consult your accountant or attorney for more information before submitting an application for funding.

Construction or Rehabilitation Costs. Net construction costs (shown in the Department's Form 212 – Summary Cost Estimate and Form 215 – Detailed Cost Estimate) are construction costs that do not include a builder's general requirements, builder's profit, general overhead, bond premium, construction contingency or other fees. Also indicate the builder's general requirements, builder's profit and overhead, as a percentage of net construction costs. For limits on builder's general requirements, builder's profit and general overhead refer to Section 4, page 18. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to assure construction completion. A construction contingency of 5% to 10% of the total construction contract is required to fund unforeseen construction work items. **The construction contingency may not be included in tax credit basis.** The sponsor may pledge the developer's fee to cover the contingency instead of including the construction contingency on this line.

Fees Related to Construction and Rehabilitation. For the architect's design and supervision fees, show the applicable percentage of the total construction contract. Real Estate Attorney Legal fees directly related to closing the loans are tax credit basis eligible. Legal fees related to the syndication of tax credits must be included under syndication related costs. Marketing costs are generally limited to 1% of total development costs and must be supported by a budget. For limits on the architect's design fee, architect's supervision fee and legal fees refer to Section 4, page 18.

Financing Fees and Charges. Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Mortgage Insurance Premium is the premium charged for mortgage insurance during the construction loan period only. Title and recording costs are those estimated by the title attorney. A financing (soft cost) contingency may not exceed 1% of total development costs to cover unanticipated interest and financing costs.

Acquisition Costs. If the site includes existing buildings, allocate the cost between land and buildings. Generally, there cannot have been any transfer of ownership within the past 10 years for buildings to be eligible for an acquisition tax credit.

Total Development Costs. This is the sum of total construction costs, total fees, total financing fees and charges, and total acquisition costs.

Developer's Fee. For projects receiving low income housing tax credits, the budget may include a developer's fee. All fees for processing agents and development consultants must be paid from this fee. The Department will not finance the developer's fee but it may be paid from tax credit proceeds. Generally, the developer's fee may not exceed \$2.5 million.

Syndication Related Costs. These are costs incurred when syndicating a project with historic tax credits or Low-Income Housing Tax Credits. Syndication related costs may not be paid with

Department loan proceeds. Generally, these costs are not included in the project's tax credit basis.

Guarantees and Reserves. Guarantees and reserves should include only funded amounts required by the Department, other lenders or syndication firms and cannot be funded with Department loan proceeds.

Total Uses of Funds. This is the sum of total development costs, developer's fee, total syndication related costs, and total guarantees and reserves.

Maximum Developer's Fee. The developer's fee is calculated as a percentage of total development costs. A fee of up to 15% is allowed on the first \$10 million of total development costs (less acquisition-related costs, construction, and soft cost contingencies) and up to 10% on total development costs (less acquisition-related costs and construction and soft cost contingencies) over \$10 million. A fee of up to 10% is allowed on the first \$10 million of acquisition-related costs and up to 5% on acquisition-related costs over \$10 million. Generally, the total developer's fee may not exceed \$2.5 million.

Sources of Funds – Pages 16-17

Primary Debt Service Financing. For all projects required that have primary debt service, indicate the type of funds, the name of the bond issuer or lender, the required debt coverage ratio (DCR), the total annual payment, the interest rate, the amortization period of the loan, the actual loan term, and the maximum supported loan amount. Also, show the annual payment associated with any bond insurance premium.

Subordinate Debt Service Financing. For all loans that are subordinate to primary debt, show the type of funds, the name of the lender, the DCR and the percentage of cash flow that will be applied to payments due on the loan, the anticipated annual payment, the interest rate, the loan term, and the loan amount. Calculate the maximum loan amount from DHCD on the application form. Generally, the DHCD loan (from all sources) may not exceed \$2.0 million. For grants, show the type of funds, the name of the grantor if not DHCD, the term of the grant (if applicable), and the amount of the grant.

Total Debt. Add the total loan amounts for the cash flow loans and the total maximum mortgage amounts for the debt service financing to determine the total debt.

Equity. Indicate the source and amount of equity proceeds generated from the sale of low income and/or historic tax credits. Also, identify the developer's equity that is not from syndication proceeds. The Department requires that equity from the sale of competitively allocated tax credits be sufficient to cover syndication related costs, guarantees and reserves, developer's fee and at least 10% of total development costs.

Total Sources of Funds. The total sources of funds are the sum of the total financing and the total equity and must equal the total uses of funds.

Maximum DHCD Loan Amount. Notwithstanding the above, the maximum Department loan amount is calculated on the cost of the project and the amount of gap financing needed. Subtract the total debt service maximum mortgage amount, financing from non-Departmental sources, the amount of any other cash flow loan, historic tax credit syndication proceeds and Low-Income Housing Tax Credit proceeds from the project's total development costs.

Low-Income Housing Tax Credit – Pages 18-20

Complete this section only if you are applying for a Low-Income Housing Tax Credit from the Department. If you have any questions concerning this section or the Low Income Housing Tax Credit Program, please consult your accountant or attorney for more information before submitting an application for funding.

Type of Low Income Housing Tax Credit Requested. Mark each box that applies to the type(s) of tax credit you are requesting. To be eligible for an acquisition tax credit, the project must also include substantial rehabilitation. The Department's standard of substantial rehabilitation for threshold review is different than the federal Tax Credit definition. Refer to the Multifamily Housing Financing Program Guide for the Department's standard of substantial rehabilitation.

Location and Placed-In-Service Information. If you are requesting an acquisition or rehabilitation tax credit, complete this table for each building in the project. Show the following information for each building: a specific street address; the type of site control; the date each control document expires; the number of units; the purchase price; the date the building was last placed-in-service; the date the sponsor expects to place the building in service; and the number of years between the sponsor's placed-in-service date and the date the building was last placed in service. Generally, the building must not have been placed in service during the last 10 years to be eligible for an acquisition tax credit. The total purchase price should be the same as shown for acquisition costs on the Uses of Funds worksheet.

Substantial Rehabilitation Determination. To be eligible for a rehabilitation tax credit, the total costs associated with the rehabilitation must exceed the greater of \$3,000 per unit or 10% of the project's adjusted basis, although the Department requires a minimum of \$15,000 per unit in total hard costs. Check the box that applies to the project.

Minimum Set-aside Election. The sponsor must elect one of the two minimum set-aside elections under the tax credit program. At least 20% of the units must be occupied by households with incomes below 50% of the area median or 40% of the units must be occupied by households with incomes below 60% of the area median. The overall occupancy restrictions for the projects shown on the General Information sheet will be used to calculate the tax credit basis. Make the election by marking one box only.

Rent Floor Election. Sponsors may elect to establish the rent floor for the project as of the date of allocation or the date the project is placed in service. Make the election by marking one box only.

Syndication Information. If the project will be syndicated, show the name of the syndication firm, contact person and telephone number, whether the offering is public or private, the type of investors, and the percentage, amount and the dates that funds will be paid into the partnership.

Maximum Low-Income Housing Tax Credit Based on Eligible Costs. This is the amount of tax credit the project is eligible for based on its qualified basis. The actual amount of tax credit the project receives may be less than the amount for which it is eligible and will be limited to the amount needed for financial feasibility.

1. Calculate the adjusted project costs by subtracting from the Total Uses of Funds any federal grants financing qualifying costs, other non-qualifying financing, the value of any commercial space in the project, costs associated with any non-qualifying units of higher quality, and any historic tax credit.⁴
2. Multiply the eligible basis by the applicable fraction to find the qualified basis. The applicable fraction is the portion of the project that eligible low-income households will occupy.
3. The Low-Income Housing Tax Credit eligible basis is the qualified basis multiplied by the applicable percentage. The applicable percentages are the percentages calculated monthly by the Internal Revenue service based on the present values (either 30% or 70%, but commonly referred to as either 4% or 9% credits) of the total credits for federally subsidized, acquisition and non-federally subsidized properties. For the applicable percentage on new construction or rehabilitation, enter 4%, if the qualified basis is financed with tax-exempt bonds or other federal subsidy, otherwise, enter 9%. For the applicable percentage on acquisition costs, enter 4%. While the Department uses applicable percentages of 4% and 9% for evaluation purposes, any allocation of tax credit will ultimately be limited to the actual applicable percentage in effect for the project.

Estimated Low-Income Housing Tax Credit Syndication Proceeds. Estimate the syndication proceeds that can be generated from any historic tax credit and the Low-Income Housing Tax Credit. Combine the Low-Income Housing Tax Credits generated by the project's eligible basis and multiply the total by 10 years to determine the total tax credit received over the period. Multiply this by the raise ratio from the syndication proposal to determine the gross proceeds generated by the Low-Income Housing Tax Credit. In the absence of a commitment from a syndication firm, the Department will apply a syndicator's raise rate based on its understanding of current market conditions. Contact the Department for the current estimated rate. Add to this the gross proceeds as the result of any historic tax credit for the total equity from syndication proceeds.

Maximum Low-Income Housing Tax Credit Based on Proceeds Needed. This calculates the maximum amount of Low-Income Housing Tax Credit needed for the project. The proceeds needed are the lesser of the total Equity from Syndication Proceeds or the Financing Gap. Subtract the gross proceeds of any historic tax credit from the total proceeds needed to determine the proceeds needed from Low-Income Housing Tax Credits. Divide this by the raise ratio from the syndication proposal to figure the total tax credit received over the tax credit period. Divide

⁴ The new construction or rehabilitation basis may be increased up to 130% if the project is in a qualified census tract or difficult development area as published by the U.S. Department of Housing and Urban Development.

this by the 10-year period to determine the maximum Low-Income Housing Tax Credit requested.

Sources of Federal Financing. Sponsors must disclose the amount of all direct and indirect federal funds that are financing qualified project costs. Show the federal funds applicable to the project. If a source of funds is not included in the application form, show the amount under “Other” and provide a brief description.

Applicable Fraction. The applicable fraction is the portion of the project that eligible low-income households will occupy. The lesser of the percentage of low-income units to total units or low-income square footage to total square footage determines the applicable fraction.

Applicable Percentage. The applicable percentage is the rate determined monthly by the Internal Revenue Service based on the present value (30% for acquisition or federally subsidized development costs or 70% for non-federally subsidized development costs) of the Low Income Housing Tax Credits estimated to be received by the project. The percentages generated by the present value calculations are commonly referred to as 4% credits for acquisition or for federally subsidized development or 9% for non-federally subsidized development.

Historic Tax Credit. Calculate the gross proceeds from any historic tax credit by multiplying the amount of the historic tax credit by the raise ratio from the syndication proposal.

Project Summary Information – Pages 21-22

General Information. Provide the project information, funding applied for, and occupancy restrictions of the project.

Project Income. Indicate total units, annual income, and vacancy rates for the low-income units, market rate units and nonresidential sources from the Project Income worksheet. The years until sustaining occupancy are the number of years between the application submission date and the estimated date of sustaining occupancy shown in the anticipated development schedule. For the annual trending, fill in the estimated annual increase in rents. The trend can be based upon experience with similar projects or determined in the market study. Calculate the trended income (at the time of sustaining occupancy) by multiplying the annual income by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual income. The vacancy allowance is the sum of the trended income multiplied by the vacancy rate for each unit type. These are the figures to be entered into the first year of the 20-Year Operating Pro Forma in the next worksheet.

Project Expenses and Cash Flow. Fill in the annual expense for each project expense category from the Project Expenses worksheet. For administrative, utility, operating maintenance, taxes, insurance, and reserve for replacement, indicate the number of years until sustaining occupancy and the annual trending rate. The management fee is not trended but is always a percentage of effective gross income. The other expenses are trended by multiplying the annual expense by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual expenses.

Sources and Uses of Funds. Enter the summary information from Sources of Funds and Uses of Funds worksheets.

Project Description. Enter a narrative description that highlights the unique or innovative characteristics of the project.

20-Year Operating Pro Forma – Pages 23-24

Income. Enter the trended amounts into year one from the Project Summary Information worksheet. Each year after that, the annual income for the low income, market rate and nonresidential units should be trended forward by the rate shown in the Project Summary Information worksheet. Multiply the previous year's income by the trending rate and add it to the previous year's annual income. The vacancy allowance is the sum of the vacancy rate times the gross income for each type of income.

Expenses. Enter the trended expenses shown on the Project Expenses and Cash Flow table in the Project Summary Information section in year one. The management fee is not to be trended. Other expenses are trended annually by multiplying the previous year's expenses by the trending rate and adding it to the previous year's expenses. The trended net operating income is calculated by subtracting the trended expenses from the trended effective gross income.

Primary Debt Service Financing. Annual debt service payments are entered for each year from the Debt Service Financing table in the Project Summary Information section. The debt coverage ratio is calculated by dividing the net operating income by the total debt service payments.

Subordinate Debt Service Financing. Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the cash flow financing table in the Project Summary Information worksheet. The remaining cash flow is calculated by deducting debt service and cash flow payments from the trended net operating income. The debt coverage ratio is calculated by dividing the net operating income by the sum of the total debt service payments and the total cash flow debt payments.

SECTION 6: APPLICATION FORMS

A Development Finance Division (DFD) Financing Application -- Form 202 -- must be submitted that reflects all aspects of the project, including estimated development and operating budgets and pro forma. The application for funding must include all applicable exhibits (See Exhibit Checklist) and attachments as described in this package. Four (4) copies of the application, including all applicable exhibits and attachments, must be sent in separate three-ring notebook binders, with each exhibit tabbed.

On or about **June 30, 2003**, the application forms will be available on the DHCD website.

ATTACHMENTS

- ☐ Form 202 - DFD Financing Application (form provided -- executed hardcopy mandatory)
- ☐ Form 202 - Completed electronic version of the DFD Financing Application - (optional)

**APPENDIX 1 –
PROJECT NARRATIVE FORMAT**

Project Name

Address

Background

Briefly summarize the nature of the proposed project, including the amount and type of financing, and a brief description of the community in general. How did this specific project originate? Also, give a brief history of the relationship between members of the development team.

Sponsorship

Describe the sponsoring organization and its capacity to complete the proposed project. How long has the organization been in existence?

1. If a non-profit organization provide the date organization was incorporated, and 501(c) (3) status. Who started the group and why? What is the mission, the size and composition of the staff? State the organization's real estate development track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities, and explain their relevant experience and responsibilities. Also discuss the overall composition of the board (number, % within the neighborhood), and specific areas of expertise of board members which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).
2. If a for-profit organization, describe the legal structure, who are the principals of the entity, the size and composition of the staff. State the organization's real estate development track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities, and explain their relevant experience and responsibilities. Also discuss the overall composition of the organization number, and specific areas of which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

Neighborhood Description

Discuss accessibility to public transportation, retail and other services, recreation and healthcare facilities, employment opportunities. Describe the general character of the neighborhood, including age, condition and type of housing stock, development activity, and any other major uses. Provide demographic information—median income, major employers, major institutions, etc.

Site Description

Describe the site or sites: location - the neighborhood, cross streets, and addresses, visibility within neighborhood; significant features, topography, prior uses, etc.; physical status—size of parcel (in square footage or acreage as appropriate) and type of property (vacant land, vacant building, occupied building, etc.); type of improvements—materials, condition, number of existing units; current ownership and status of purchase agreements, options, etc.

Development Team

Who will be the contact person at the organization to coordinate the work?

- Developer—If different from sponsor, summarize qualifications and experience with projects of similar size, type, and financing.
- General Contractor—Explain qualifications of the selected or anticipated contractor, including age of firm. If not yet selected, explain the selection process—competitive bid, negotiation, RFP, etc.
- Architect—Experience and qualifications of the design firm. Specifically describe relevant project experience.
- Property Management—Qualifications, number of properties and units managed, number and type of staff, nonprofit or for-profit company, where based.
- Consultant—If used, explain qualifications and experience, as well as the role this individual or firm will play in the project.
- Construction Manager—if any

Supportive Services

Describe the supportive services to be provided to tenants or homebuyers at the property, and state who will provide those services. If outside entities will be used, please describe their qualifications briefly.

Market Overview

Define the market area; discuss vacancy and absorption rates, average rents or sales prices; explain the specific need for the project. Describe evidence of the demand by the targeted population for this type of project. What income level and household size will the project target?

Project Financing

For each phase of financing listed below, identify and discuss the status of all anticipated funding sources. If possible, identify participants, mention dates of commitment letters, application deadlines, anticipated award dates, etc.

Acquisition and Predevelopment:

Construction:

Permanent:

Equity/Subsidy:

Project Risk: What are the perceived risks: borrower, project, collateral?

Collateral Position: Describe the collateral and collateral position to secure the loan. Who owns the collateral? Is the collateral assignable? What liens currently exist on it? Has the title been checked with real property office or tax records office? Is the land or property encumbered?

Project Timeline: Identify the major milestones involved in moving this project forward and in repaying the loan. Use a chart similar to the one below (add or delete rows as necessary). Include milestones already achieved. Be sure to show anticipated loan commitment dates, loan repayment dates, project start and completion dates.

Event	Date

Importance: Discuss the importance of the transaction to the sponsoring organization, the District, and lender, and the strategic importance to the neighborhood. How will the residents benefit from the project? What role has the community played in developing the project or project concept?

Attachments:

1. *Statement of Sources and Uses*
2. *Development Budget*
3. *Cash Flow Projections (pro-forma)— operating budget (for rental projects only)*
4. *Affordability Analysis*
5. *3 years of Financial Statements*
6. *Site map*
7. *Appraisal and/or Market Analysis*
8. *Photographs of subject property and immediate vicinity*
9. *Environmental reports (Phase I)*
10. *Purchase Agreement*
11. *Zoning compliance*

-
12. *Resumes of current staff*
 13. *List of board members (if applicable)*
 14. *Resume of Development Team*
 15. *Section 501(c)(3) Determination Letter*
 16. *Articles of Incorporation and Bylaws/ Certificate of good standing.*
 17. *Evidence of site Control*
 18. *Anti-Flipping covenant- speculation scenario*

Development Budget and Operating Pro-forma: While the actual spreadsheets will be attached as exhibits to the project proposal package, in this section, discuss the assumptions used in the spreadsheets (for example: interest rates, income and expense escalation factors, projected subsidies, affordability, etc).

DFD Financing Application (Form 202)

A. Application Cover Page with signature of person authorized to obligate organization

B. General Information – (**Narrative and Form 202**)

C. Development Team Information

D. Community Revitalization Information

E. Project Income (rental projects and community facilities)

F. Project Expenses

G. Uses of Funds

H. Sources of Funds

I. Low Income Housing Tax Credit (if Applicant is applying for LIHTC)

J. Project Summary Information

K. 20-Year Operating Proforma

L. Signature Forms

M. **Monitoring Certification**

N. **Feasibility study**

O. **Business Plan**

P. **Space Utility Plan**

Q. **Form 212 and 215**

APPENDIX - 2A

Introduction to the Feasibility Study

The purpose of the feasibility study is to examine critical opportunities and obstacles that might make or break the proposed project. The feasibility study should give the sponsors a good idea of whether the proposed project is likely to be successful. In addition to the elements in Application Appendix 2B, the feasibility study must account for all space within the project; provide a schedule of use from 6am to 12 midnight for every day of the week; and provide a space utilization table. (See Appendix 4).

- A. The Feasibility Study.** This is a brief description of what is planned. Project scope and objectives should be enumerated. The critical constraints on the project should be outlined. The type of resources required and available should be specified. The summary should include a statement of how the project complements neighborhood and city developmental goals. The objectives of the project should be very detailed in outlining what the project is expected to achieve and how the achievements will contribute to overall goals of the project. The performance measures for evaluating the achievement of the objectives should be specified.
- B. Business Plan.** The business plan should include, at a minimum, a description of the service(s) and project, management experience, proposed used of funds, availability of labor and operating funds, and names of any corporate parents, affiliates and subsidiaries with a description of the relationship. Many of these items are available from a good feasibility study. An outline of a business plan is provided in Application Appendix 3.
- C. Space Utilization Plan.** This should detail the operating times of the proposed center and the utilization of space within the proposed center.

APPENDIX - 2B

The Feasibility Study

I. Title Page

II. Table of Contents

II. List of Figures

IV. List of Tables

V. Executive Summary

This is the summarized version of the feasibility study that must adequately cover the major points of the feasibility study in one or two pages.

VI. Introduction

1. Justification

2. Study Objective - The study objectives and scope of study will usually be set forth in the request for proposals and/or a consultant's proposal.

3. Scope of Study

VII. Current Neighborhood Available Services

- What is the current level of neighborhood services, some services history and future services expectations?
- Consumption patterns and trends – Discuss historical, present and future consumption patterns and trends.
New uses for services consumption patterns
- If the service is targeted to local and/or regional markets, discuss the local and/or regional markets and projected trends (identify all similar services in the neighborhood, such as after school tutoring, day care, job counseling, etc.).
- As no service can operate without a building or other centers. Schools should be identified and then availability discussed. All existing and future centers and schools should be identified with distances between centers and schools indicating present and future if possible. Can area demand for service sustain service needs?
- Discuss competitive advantage – What makes your services more desirable, productive or better than that of the competitors?

VIII. Production Feasibility

- Services Site**
- Does the potential site have the desired characteristics and available utilities, transportation facilities, etc., for the proposed facility?

Transportation requirements

- Road service to the site
- Metro Rail

Labor Availability

- Requirements and skill levels – Define the specific quantity and type of labor required, to effectively run the center and its' costs.

VIX. Marketing Feasibility

- Determines the potential markets and marketing strategies for the services. Who are the potential customers, is the market accessible, how will the market be accessed, what is the cost of accessing the market, how will services be priced?

1. Nature and extent of markets and marketing area;
2. Existing demand (needs);
3. How is demand being met;
4. Marketing plans for delivery of services;
5. Marketing alternatives; and
6. Extent of competition or other services -
 - Who are the competitors, or (other service providers) location, services and capabilities;
 - How strong are the competitors entrenched in the community;
 - Commitments from funders/contracts;
 - How will services be sustained?
8. Prices of the services if (applicable)
9. Alternative competing services

X. Financial Analysis

- The purpose of a financial analysis is to indicate the venture's potential and timetable for financial viability. It can also serve as an operating plan for financial management of the project.
 - Project development costs
 - Operating costs
 - Fixed costs

Financial Analysis (Cont'd.)

- Three-year projections (becomes more necessary in business plan)
 - a. Income statement
 - b. Cash flow statement
 - c. Balance sheet
 - d. Compare projections with industry standards (RMS or Dun & Bradstreet)
 - e. List assumptions upon which the projections are based
- Sources and uses of funds
- Loan repayment schedule - (Provide detailed current information on the status of all fund raising efforts to reach a particular goal.

XI. Fundraising Analysis

1. What is the fundraising goal? Who has been contacted?
2. How much has been raised to date, in cash and pledges?
3. When is the fundraising scheduled for completion?
4. When do you expect to attain the goal?
5. If you are unable to reach your fundraising goal, then what?

XII. Management Feasibility - Describe the requirements for the management positions and responsibilities for those personnel. Evidence that the continuity and adequacy of management has been evaluated and documented.

XIII. Economic Impact of the Project - Show the potential economic impact to a neighborhood by discussing the impact of the construction costs, sales of services, and salaries of employees to the neighborhood. Also, discuss the effects of ancillary businesses and potential for additional jobs.

XIV. Identify any Limits or Constraints

- Facility and design-related factors
- Financial projections

XV. Conclusions

XVI. References

XVII. Appendices

APPENDIX - 3
BUSINESS PLAN
For Community Center Service Providers and Special Needs Providers

I. Table of Contents

II. Executive Summary - The abbreviated version of the business plan. Should describe the following items in a succinct, interesting manner.

Introduction of the project and services

Objectives

Mission statement

Summary of financial estimates

III. Statement of Objectives - State the goals and objectives of the project, perhaps in bullet statements.

- a. Business goals – (Quantitative goals)
- b. Market share goals - (Quantitative goals)
- c. Source objectives – (Qualitative goals)
- d. Social objectives – (Qualitative goals)

IV. The Project

- A short description of the project, its operations, and activities
- Sponsor related information - the nature of the business, what the project is designed to do, through what channels.
- Organizational structure - the type of organizational structure
- Sponsor history
- Product lines – products or services
- Location and facilities

V. Product - Discuss specifics about the services being offered.

- Product service summary and description
 - a. Specific benefits or services
 - b. Ability to meet needs
 - c. Competitive advantage
- Service life cycle
 - a. Current position in its life cycle
 - b. Factors that might change the anticipated life cycle

VI. Market Analysis - Information for this section should be available from the feasibility study. This should be an in-depth look at the market(s) for the services.

Industry analysis and outlook

Description of industry

Size of industry and future growth projections

Industry characteristics and trends

Major customer groups

Target Markets

Identify primary market

Critical needs

Extent to which needs are currently being met

Demographics

Geographical location

Purchasing decision-makers and influences

Seasonal/cyclical trends

Primary market size

Number of prospective customers

Annual purchases of services meeting the same or similar needs as your services

Geographical area

Projected growth

Competition

Identify

Strengths and weaknesses

Market share

Potential competitors

VII. Business Strategy and Implementation

Overall strategy

Market penetration strategy

What makes the sponsor special (specific market segment focus)

Growth/ stabilization strategy

Internal, acquisition and franchise,

Communication

Promotion

Advertising

Public relations

Personal selling

Printed materials

Service

Method for assuring delivery of quality services

VIII. Management and Ownership - This section should describe the service providers; management, their responsibilities, and expertise of each person. Management staff structure Management staff organizational chart; Key managers (complete resumes should be included in appendix).

- Name
- Position
- Brief position description
- Unique skill and experiences that add to the company's distinctive competencies
- Compensation basis and levels

Planned additions to the current management services team (if applicable)

- Position
- Primary responsibilities and authority
- Recruitment process
- Timing of employment
- Unique skill or anticipated contributions to the project's success
- Compensation basis and levels

IX. Financial Analysis - This section is the most difficult to forecast. To accurately predict the financial information, one must have complete and accurate information. The financial analysis defines the organization's financial strengths and sustainability.

Financial Highlights - (Provide detailed current information on the status of all fund raising efforts to reach a particular goal. What is fund raising goal? Who has been contacted?

How much has been raised to date, in cash and pledges? When was/is fundraising scheduled to be completed? When do you expect to attain the goal?

If you are unable to reach your fundraising goal, then what?

Current funding requirements

- Amount
- Timing

Future funding needs

- Amount
- Timing
- Type
 - Equity
 - Debt
- Terms

Financial Highlights (Cont'd.)

Use of funds

- Capital expenditures
- Working capital
- Debt retirement
- Acquisitions

X. Financial Data

Current year projections (2-5 projections)

Annual statements:

- Income (by quarter)
- Balance sheet

XI. Conclusions and Summary

XII. Attached Documents

APPENDIX - 4
Space Utilization Table

FEASIBILITY STUDY
OUTLINE FOR
COMMUNITY CENTERS AND SPECIAL NEEDS PROJECTS

Develop a table similar to this table and list all proposed building occupants:

Sample:

	Occupant	Floor(s)	Gross Square Footage
1.	Youth Program	1	120
2.	Computer Program	1	240
3.	Community Room		
4.	Police Substation/Room	basement	
5.	Laundry Room	basement	
6.	Child Dev. Ctr.		
7.	Counseling Room		
8.			
9.			
10.			
11.	Common Areas	all	1000
Total Gross Square Footage			?

1. Identify all projects, buildings which provide or may provide similar services and indicate their proximity to your project/building;
2. Identify all day care facilities in the community, indicate their proximity to your project/building and indicate the number of children each facility can legally accommodate;
3. Show need for day care facility in your center; and
4. Show need for other services to be provided in center.

All funding requests for non-housing related projects, such as community centers and recreation centers must be accompanied by a Feasibility Study and a Business Plan.

This is final version of segment on Community Centers